

In addition, the partial judgment entered in October 2004 found that the City had inappropriately allocated to the Department certain central costs and ordered the City to refund approximately \$1.0 million in such costs, including an allowance for “loss of use” of funds, to the Department.

Also in this partial judgment, the City’s One Percent for Art Ordinance was declared invalid as applied to the Department. The City appealed this ruling. On December 19, 2005, the Washington Court of Appeals reversed the trial court’s ruling that had declared the ordinance invalid as applied to the Department, but affirmed the trial court’s ruling that art funded by the Department must have a “sufficiently close nexus” to the Department’s purpose of providing electricity. Consequently in 2005, the Department recorded a reduction of \$1.0 million in the One Percent for Art assets to comply with the court’s ruling.

Oregon Tax Claim—In 2001, the Oregon Department of Revenue assessed the Department, along with another northwest municipal utility, an *ad valorem* property tax for each utility’s respective interest in the Capacity Ownership Agreements with BPA for the Pacific Northwest Third AC Intertie transmission line. The assessment was for tax year 2001 with a retroactive “omitted property” assessment for years 1997 through 2000. The Oregon Court bifurcated the issues for trial into two phases: (a) liability for taxes and (b) valuation method. In January 2004, the Court issued a ruling in favor of the cities for the “omitted property” claims, eliminating the assessments prior to 2001. In June 2004, as a result of changes to the Oregon Tax Code, the Oregon Department of Revenue made a new “omitted assessment” for years 1999 and 2000.

Prior to trial, the Oregon Legislature resolved the matter by enacting legislation that retroactively exempts tangible property and intangible property rights in or related to the Pacific Northwest AC Intertie from Oregon *ad valorem* property taxation.

Burns versus Seattle—In July 2005, a class action lawsuit was filed against the City and the five suburban cities (Shoreline, Tukwila, Burien, SeaTac, and Lake Forest Park) that have franchise agreements with the Department. In each franchise, the Department agreed to make certain payments to the suburban city in exchange for the suburban city’s agreement not to establish its own municipal utility. The plaintiffs claimed that these payments were “franchise fees” that were illegal under RCW 35.21.860(1). In February 2006, the judge granted summary judgment in favor of the City and the suburban cities, dismissing the plaintiffs’ claims.

The plaintiffs have appealed this ruling to the State Supreme Court. If the trial court’s ruling is reversed on appeal, and the payments are found to be illegal, it is possible that the suburban cities may be required to refund these payments to the Department. In such event, the suburban cities would have the right to terminate the franchise upon 180 days’ written notice to the Department. Thus, if the payments are found to be illegal on appeal, it is possible that the franchise agreements may terminate. Due to the uncertainty of the litigation, the impact on Department operations is uncertain.

Contract Claims Related to FERC Litigation—In December 2005, Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and the California Electricity Oversight Board (the “California Parties”) filed with the City a claim for reimbursement of the difference between the rates charged by City Light in the ISO and PX markets and the lower rates ultimately determined by FERC for the period May 1, 2000 through June 20, 2001. The California Parties asserted that the City is contractually obligated to make the claimed reimbursements, even if FERC lacks the power to require them from governmental entities. The City denied the claim, and the California Parties have not yet taken further action. If they did, and were successful, the estimated liability would be approximately \$1.4 million. The Department has not reserved an amount for a potential adverse judgment in these financial statements.

In January 2006, the People of the State of California and the California Department of Water Resources (the “People”) filed with the City a claim for reimbursement parallel to that of the California Parties. The City has denied the claim and the People have not yet taken further action. If they did, and were successful, the estimated liability would be approximately \$1.7 million. The Department has not reserved an amount for a potential adverse judgment in these financial statements.

Other Contingencies—In addition to those noted above, in the normal course of business, the Department has various other legal claims and contingent matters outstanding. The Department believes that any ultimate liability arising from these actions will not have a material adverse impact on the Department’s financial position, operations, or cash flows.

* * * * *

FINANCIAL SUMMARY *(Unaudited)*

Years ended December 31,	2005	2004	2003	2002	2001
BALANCE SHEETS					
Assets					
Utility plant, net	\$ 1,458,734,681	\$ 1,408,183,614	\$ 1,390,857,362	\$ 1,345,435,582	\$ 1,300,035,639
Capitalized purchased power commitment	25,891,406	35,662,876	45,130,152	50,279,621	56,947,942
Restricted assets	35,815,079	123,718,739	159,432,145	240,881,958	243,432,809
Current assets	296,900,130	252,414,183	178,234,062	190,990,153	155,835,416
Other assets	239,406,075	206,203,653	286,898,970	377,433,352	454,709,681
Total assets	\$ 2,056,747,371	\$ 2,026,183,065	\$ 2,060,552,691	\$ 2,205,020,666	\$ 2,210,961,487
Liabilities & Equity					
Long-term debt, net	\$ 1,401,815,402	\$ 1,459,292,622	\$ 1,462,609,162	\$ 1,365,447,879	\$ 1,683,202,477
Noncurrent liabilities	39,184,724	45,010,305	55,717,497	67,994,521	63,771,698
Current liabilities	193,070,831	185,063,263	215,129,588	452,101,465	143,606,465
Deferred credits	36,878,664	32,929,702	36,970,209	21,216,712	20,255,473
Equity	385,797,750	303,887,173	290,126,235	298,260,089	300,125,374
Total liabilities & equity	\$ 2,056,747,371	\$ 2,026,183,065	\$ 2,060,552,691	\$ 2,205,020,666	\$ 2,210,961,487
STATEMENTS OF REVENUES AND EXPENSES					
Operating Revenues					
Residential	\$ 196,364,358	\$ 199,218,447	\$ 199,071,882	\$ 211,964,191	\$ 178,129,446
Non-residential	367,256,391	376,864,821	352,045,349	351,755,083	299,379,093
Unbilled revenue - net change	(1,072,431)	608,976	1,115,683	(1,287,056)	25,928,733
Total retail power revenues	562,548,318	576,692,244	552,232,914	562,432,218	503,437,272
Short-term wholesale power revenues ^A	149,649,844	163,264,753	137,650,966	102,082,572	73,899,346
Other power-related revenues	23,332,060	20,027,768	34,082,244	20,385,528	44,303,333
Other	13,022,339	17,933,824	15,039,174	12,991,925	10,814,019
Total operating revenues	748,552,561	777,918,589	739,005,298	697,892,243	632,453,970
Operating Expenses					
Long-term purchased power	225,060,809	229,416,360	240,505,211	222,943,642	151,213,357
Short-term wholesale power purchases ^A	62,214,265	49,714,393	24,232,720	12,440,806	218,781,800
Amortization of deferred power costs	-	100,000,000	100,000,000	100,000,000	-
Other power expenses	8,241,812	7,074,410	21,139,577	8,147,996	16,143,942
Generation	18,895,735	20,283,509	20,210,903	18,546,296	17,012,159
Transmission	38,162,666	36,282,986	34,511,283	35,352,620	25,820,801
Distribution	40,402,673	40,972,862	39,116,032	37,649,578	38,122,827
Customer service	31,638,738	33,680,968	31,068,350	27,566,006	27,539,641
Conservation	12,054,526	11,237,221	11,014,634	9,514,572	8,887,010
Administrative and general	52,746,238	46,042,690	47,392,441	40,315,378	40,030,657
Taxes	60,625,266	61,444,670	61,606,324	60,173,889	52,565,660
Depreciation	74,549,333	73,852,844	69,270,029	66,485,780	61,538,960
Total operating expenses	624,592,061	710,002,913	700,067,504	639,136,563	657,656,814
Net operating income (loss)	123,960,500	67,915,676	38,937,794	58,755,680	(25,202,844)
Other income (expense), net	(292,876)	1,805,246	36,192	357,968	(1,048,013)
Investment income	5,710,370	2,481,150	3,813,194	10,110,004	13,275,220
Total operating and other income (loss)	129,377,994	72,202,072	42,787,180	69,223,652	(12,975,637)
Interest Expense					
Interest expense	73,774,793	77,323,512	78,272,394	84,933,182	79,584,722
Amortization of debt expense	2,322,154	2,481,087	3,120,011	2,717,316	1,786,694
Interest charged to construction	(2,450,485)	(3,499,700)	(4,337,717)	(3,592,785)	(5,710,936)
Net interest expense	73,646,463	76,304,899	77,054,688	84,057,713	75,660,480
Fees, grants, and transfers					
	26,179,045	17,863,765	26,133,654	12,968,776	15,295,710
Net income (loss)	\$ 81,910,576	\$ 13,760,938	\$ (8,133,854)	\$ (1,865,285)	\$ (73,340,407)

^A Effective in 2003, wholesale power sales and purchases that are bookouts are reported on a net basis due to the implementation of EITF-0311. Amounts for 2002 were reclassified and amounts for years prior to 2002 have not been reclassified.

Note: Certain other 2004 account balances have been reclassified to conform to the 2005 presentation.

INTEREST REQUIREMENTS *and* PRINCIPAL REDEMPTION *on* LONG-TERM DEBT *(Unaudited)*

As of December 31, 2005								
Years	PRIOR LIEN BONDS			SUBORDINATE LIEN BONDS		NOTE PAYABLE - SOUND TRANSIT		
	Principal	Interest	Total	Principal	Interest ^B	Principal	Interest	
2006	\$ 58,660,000	\$ 69,569,752	\$ 128,229,752 ^A	\$ 4,775,000	\$ 2,688,539	\$ 5,275,316	\$ 205,824	
2007	61,450,000	66,766,240	128,216,240	5,305,000	2,533,179	4,318,524	85,079	
2008	64,620,000	63,596,352	128,216,352	5,840,000	2,364,198	-	-	
2009	67,990,000	60,235,645	128,225,645	6,270,000	2,179,522	-	-	
2010	71,525,000	56,698,740	128,223,740	6,705,000	1,982,427	-	-	
2011	66,995,000	53,286,445	120,281,445	7,345,000	1,768,682	-	-	
2012	66,850,000	50,253,820	117,103,820	7,785,000	1,536,035	-	-	
2013	69,585,000	46,714,939	116,299,939	8,425,000	1,287,633	-	-	
2014	70,060,000	43,085,557	113,145,557	8,865,000	1,022,028	-	-	
2015	70,515,000	39,405,533	109,920,533	9,410,000	741,381	-	-	
2016	71,250,000	35,637,758	106,887,758	7,755,000	451,925	-	-	
2017	71,410,000	31,819,770	103,229,770	2,600,000	314,583	-	-	
2018	70,610,000	28,329,020	98,939,020	2,750,000	225,236	-	-	
2019	67,640,000	24,667,414	92,307,414	1,300,000	135,318	-	-	
2020	65,495,000	21,271,926	86,766,926	1,355,000	90,701	-	-	
2021	63,605,000	17,989,444	81,594,444	1,410,000	44,204	-	-	
2022	62,495,000	14,822,890	77,317,890	-	-	-	-	
2023	62,235,000	11,596,849	73,831,849	-	-	-	-	
2024	63,170,000	8,381,356	71,551,356	-	-	-	-	
2025	47,625,000	5,255,548	52,880,548	-	-	-	-	
2026	41,895,000	2,760,869	44,655,869	-	-	-	-	
2027	12,340,000	1,412,950	13,752,950	-	-	-	-	
2028	12,945,000	808,944	13,753,944	-	-	-	-	
2029	3,790,000	175,288	3,965,288	-	-	-	-	
Totals	\$ 1,384,755,000	\$ 754,543,049	\$ 2,139,298,049	\$ 87,895,000	\$ 19,365,591	\$ 9,593,840	\$ 290,903	

^A Maximum debt service.

^B Based on actual interest rates in effect as of December 31, 2005 ranging from 2.9% to 3.45%.

DEBT SERVICE COVERAGES: ALL BONDS *(Unaudited)*

Year ending December 31,	Revenue Available for Debt Service	Debt Service Requirements	Debt Service Coverage ^A	Debt Service Coverage ^D
2005	\$ 248,916,477	\$ 133,528,450	1.86	n/a
2004	195,379,163 ^B	123,372,836	1.52	2.30
2003	164,482,458 ^B	105,719,316	1.49	2.40
2002	177,824,771 ^B	110,664,535	1.54	2.40
2001	87,604,015 ^C	61,552,303	1.22	(2.97)

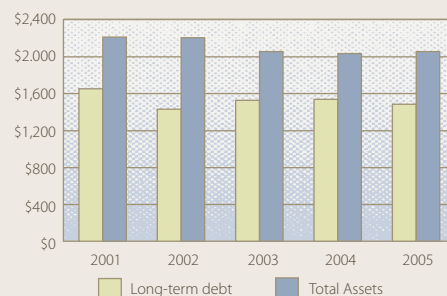
^A Effective 2005, debt service coverage computed for all bonds in accordance with new financial policies. Prior years have been restated to conform to the 2005 presentation.

^B Operation and maintenance expenses in 2004, 2003 and 2002 include \$100 million each year for amortization of a portion of \$300 million in power costs deferred in 2001, reducing revenue available for debt service by that amount.

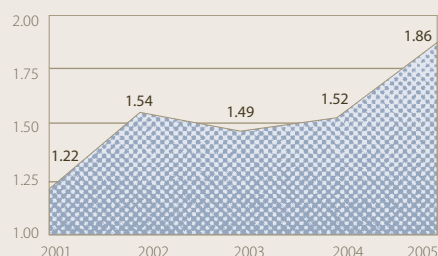
^C Operation and maintenance expenses in 2001 exclude \$300 million in deferred power costs incurred in 2001, increasing revenue available for debt service by that amount.

^D Debt Service Coverage computation, without the deferral and subsequent amortization of \$300 million power costs in 2001, for informational purposes only.

Long-term debt and Total Assets



Debt Service Coverage ^A



STATEMENT of LONG-TERM DEBT (Unaudited)

As of December 31, 2005						
Bond Series	When Due	Interest Rate (%)	Amount Issued	Amount Outstanding	Amount Due Within One Year	Accrued Interest
Prior Lien Bonds						
Series 1995	2005	4.800	\$ 456,000	\$ -	\$ -	\$ -
Series 1996	2006	5.250	2,055,000	1,055,000	1,055,000	13,999
Series 1997	2006-2018	5.000	19,525,000	18,515,000	1,055,000	465,404
Series 1997	2019-2022	5.125	8,575,000	8,575,000		217,205
Series 1998	2006-2008	4.750	18,990,000	14,015,000	4,360,000	321,853
Series 1998	2009-2020	5.000	82,390,000	82,390,000		2,059,750
Series 1998	2006-2019	4.750	56,930,000	54,210,000	2,830,000	230,301
Series 1998	2021	4.875	11,250,000	11,250,000		46,708
Series 1998	2024	5.000	19,205,000	19,205,000		81,780
Series 1999	2006-2007	5.000	6,250,000	6,250,000	3,000,000	76,803
Series 1999	2008-2009	5.750	13,500,000	13,500,000		198,375
Series 2000	2006	5.000	2,875,000	2,875,000	2,875,000	12,242
Series 2000	2007	4.500	3,015,000	3,015,000		11,555
Series 2000	2008	5.250	3,150,000	3,150,000		14,084
Series 2000	2009-2011	5.500	10,505,000	10,505,000		49,206
Series 2000	2012-2018	5.625	32,325,000	32,325,000		154,854
Series 2000	2019	5.250	5,715,000	5,715,000		25,553
Series 2000	2020	5.300	6,015,000	6,015,000		27,150
Series 2000	2021	5.250	6,330,000	6,330,000		28,302
Series 2000	2022-2025	5.400	28,900,000	28,900,000		132,908
Series 2001	2005-2007	5.250	19,405,000	13,760,000	6,770,000	243,461
Series 2001	2008-2010	5.500	41,580,000	41,580,000		770,723
Series 2001	2010-2011	5.250	41,990,000	41,990,000		742,945
Series 2001	2012-2019	5.500	215,175,000	215,175,000		3,988,465
Series 2001	2020	5.000	22,165,000	22,165,000		373,499
Series 2001	2021-2026	5.125	159,650,000	159,650,000		2,757,491
Series 2002	2005-2007	4.000	30,975,000	18,525,000	9,270,000	63,107
Series 2002	2008	4.500	10,230,000	10,230,000		39,206
Series 2002	2009	4.375	10,725,000	10,725,000		39,961
Series 2002	2010	4.500	10,675,000	10,675,000		40,911
Series 2002	2011-2013	4.000	12,930,000	12,930,000		44,047
Series 2002	2014	4.125	4,660,000	4,660,000		16,371
Series 2003	2006-2013	5.000	95,975,000	95,975,000	22,745,000	808,629
Series 2003	2014-2020	5.250	58,190,000	58,190,000		514,789
Series 2003	2021-2028	5.000	63,245,000	63,245,000		532,865
Series 2004	2006-2010	4.000	32,750,000	32,750,000	4,700,000	505,148
Series 2004	2011	3.250	23,030,000	23,030,000		313,744
Series 2004	2012-2018	5.000	105,575,000	105,575,000		2,212,736
Series 2004	2019-2021	4.500	53,005,000	53,005,000		999,834
Series 2004	2022-2023	5.000	31,620,000	31,620,000		662,721
Series 2004	2024-2025	5.250	17,315,000	17,315,000		381,049
Series 2004	2026-2029	4.625	14,190,000	14,190,000		275,100
Total Prior Lien Bonds			\$ 1,413,011,000	\$ 1,384,755,000	\$ 58,660,000	\$ 20,494,834
Subordinate Lien Bonds						
Series 1990	2003-2015	1.800-3.450 ^A	\$ 17,600,000	\$ 16,500,000	\$ 1,200,000	\$ 90,345
Series 1991	2003-2016	1.120-3.450 ^A	40,100,000	38,500,000	1,800,000	141,830
Series 1993	2003-2018	1.390-3.420 ^A	16,900,000	15,900,000	1,000,000	31,696
Series 1996	2003-2021	1.420-3.420 ^A	17,740,000	16,995,000	775,000	34,307
Total Subordinate Lien Bonds			\$ 92,340,000	\$ 87,895,000	\$ 4,775,000	\$ 298,178
Sound Transit						
Note Payable	2007	3.900 ^B	\$ 9,593,840	\$ 9,593,840	\$ 5,275,316	\$ 290,903
Total Note Payable - Sound Transit			\$ 9,593,840	\$ 9,593,840	\$ 5,275,316	\$ 290,903
Total			\$ 1,514,944,840	\$ 1,482,243,840	\$ 68,710,316	\$ 21,083,915

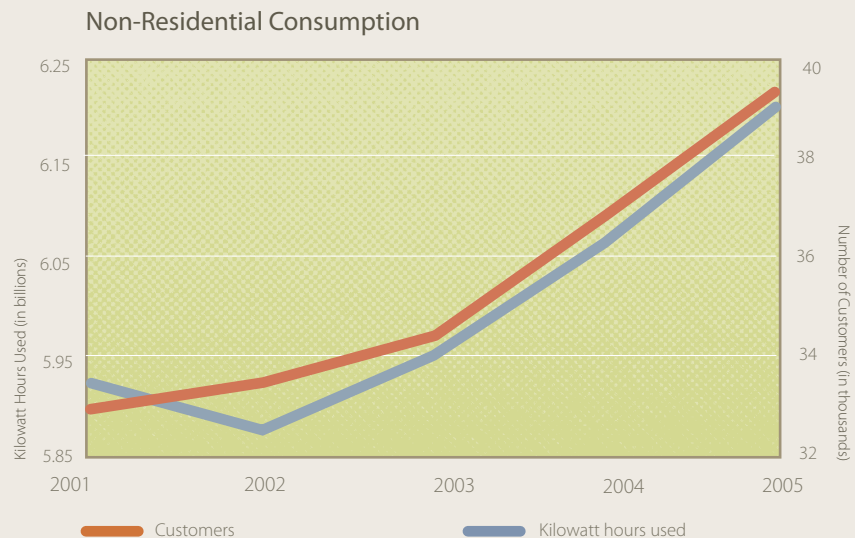
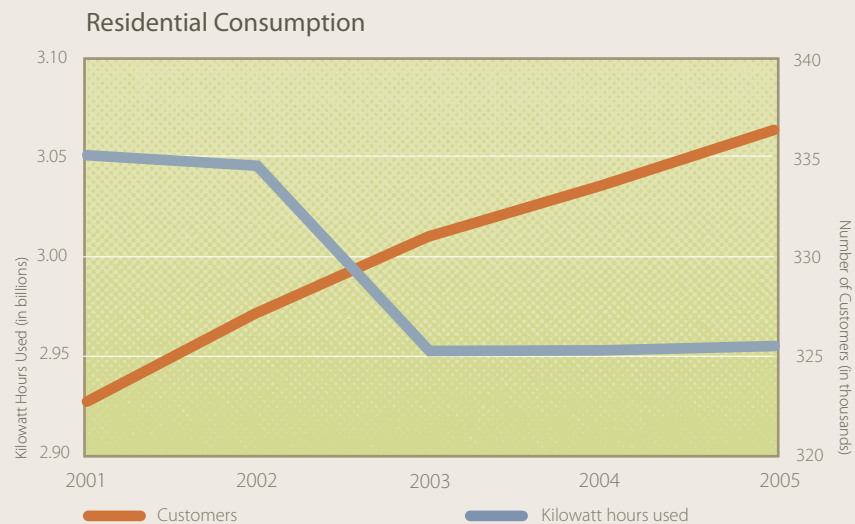
^A Range of adjustable rates in effect during 2005.

^B Excludes inflation component noted in agreement.

CUSTOMER STATISTICS *(Unaudited)*

Years ended December 31,	2005		2004		2003		2002		2001	
Average Number of Customers										
Residential	336,363		333,560		330,979		327,127		322,707	
Non-residential	39,506		36,939		34,466		33,505		32,969	
Total	375,869		370,499		365,445		360,632		355,676	
Kilowatt Hours (in 000's) ^A										
Residential	32%	2,954,848	33%	2,952,664	33%	2,952,615	34%	3,045,768	34%	3,050,900
Non-residential	68%	6,206,617	67%	6,067,861	67%	5,953,329	66%	5,877,362	66%	5,940,851
Total	100%	9,161,465	100%	9,020,525	100%	8,905,944	100%	8,923,130	100%	8,991,751
Average Annual Revenue Per Customer (in service area)										
Residential	\$ 581		\$ 598		\$ 602		\$ 643		\$ 582	
Non-residential	\$ 9,291		\$ 10,216		\$ 10,237		\$ 10,512		\$ 9,496	

^A Amounts include an allocation for the net change in unbilled revenue.



CUSTOMER STATISTICS *(Unaudited)*

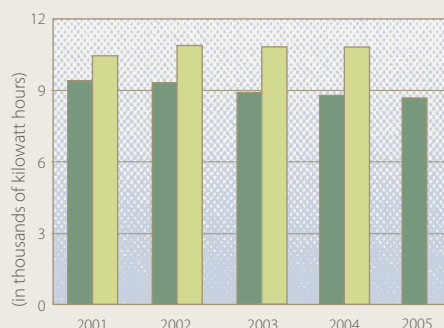
Years ended December 31,		2005	2004	2003	2002	2001
Average Annual Consumption Per Customer (kWhs) ^{A, B}						
Residential	Seattle	8,785	8,852	8,921	9,311	9,454
	National	n/a	10,892	10,859	10,850	10,455
Non-residential	Seattle	157,106	164,267	172,730	175,417	180,195
	National	n/a	129,909	128,339	129,436	132,427
Average Rate Per Kilowatt Hour (cents) ^{A, B}						
Residential	Seattle	6.62	6.75	6.75	6.90	6.16
	National	9.42	8.97	8.70	8.46	8.63
Non-residential	Seattle	5.91	6.22	5.93	5.99	5.33
	National	7.30	6.85	6.68	6.50	6.59

^A Source of national data: Department of Energy (2005 not available; 2004 - 2001 revised).

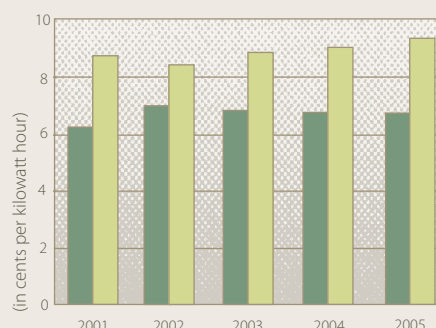
^B Seattle amounts include an allocation for the net change in unbilled revenue.

Note: The most recent rate adjustment was effective November 1, 2005. Rates are set by the Seattle City Council. Notice of public hearings on future rate actions may be obtained on request to The Office of the City Clerk, City Hall, 600-4th Avenue, Floor Three, Seattle, WA 98104. Additional information about public hearings can be found on the Web at http://www.cityofseattle.net/council/hearings_forums.htm. Additional information about Council meetings can be found on the Web at <http://www.seattle.gov/councilmeetings.htm>.

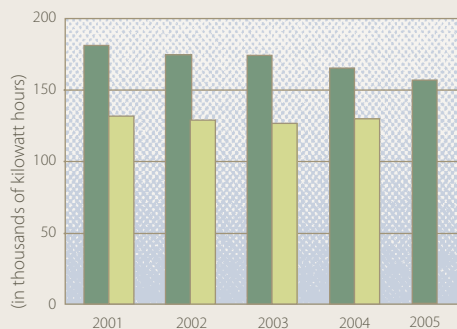
Average Annual Residential Consumption



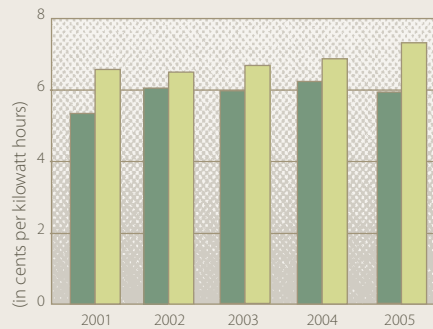
Average Residential Rates



Average Annual Non-Residential Consumption



Average Non-Residential Rates



■ Seattle

■ National

POWER (Unaudited)

Years ended December 31,	2005	2004	2003	2002	2001
Power Costs					
Hydraulic generation ^A	\$ 30,632,763	\$ 31,565,553	\$ 31,035,885	\$ 28,983,385	\$ 27,425,917
Long-term purchased power ^B	225,060,809	229,416,359	240,505,211	222,943,642	151,213,357
Wholesale power purchases ^{C, G}	62,654,314	49,830,186	38,121,479	14,306,336	518,781,800
Power costs amortized (deferred) ^D	-	100,000,000	100,000,000	100,000,000	(300,000,000)
Owned transmission ^A	8,267,616	8,390,826	7,358,577	7,171,946	6,768,055
Wheeling expenses	32,579,916	30,946,681	30,102,277	31,065,472	21,906,286
Other power expenses	7,801,764	6,958,618	7,250,818	6,282,466	16,143,942
Total power costs	366,997,182	457,108,223	454,374,247	410,753,247	442,239,357
Less short-term wholesale power sales ^C	(149,649,844)	(163,264,753)	(137,650,966)	(102,082,572)	(73,899,346)
Less other power-related revenues ^E	(23,332,060)	(20,027,768)	(34,082,244)	(20,385,528)	(44,303,333)
Net power costs ^H	\$ 194,015,278	\$ 273,815,702	\$ 282,641,037	\$ 288,285,147	\$ 324,036,678
Power Statistics (MWh)					
Hydraulic generation ^C	5,544,793	6,019,707	6,098,753	6,891,659	3,941,388
Long-term purchased power ^B	6,358,517	7,065,646	6,985,518	6,519,770	4,307,958
Wholesale power purchases ^C	1,020,380	2,386,232	1,210,699	898,613	2,411,210
Wholesale power sales ^C	(2,844,726)	(5,277,361)	(4,262,04)	(4,647,945)	(468,827)
Other ^E	(917,499)	(1,173,699)	(1,126,985)	(738,967)	(1,199,978)
Total power delivered to retail customers	9,161,465	9,020,525	8,905,944	8,923,130	8,991,751
Net power cost per MWh delivered ^F	\$ 21.18	\$ 30.35	\$ 31.74	\$ 32.31	\$ 36.04

^A Including depreciation.

^B Long-term purchased power and other power-related revenues include energy received under seasonal exchange contracts, valued at the blended weighted average cost of power excluding depreciation and transmission.

^C The level of generation (and consequently the amount of power purchased and sold on the wholesale market) can fluctuate widely from year to year depending upon water conditions in the Northwest region. For the past five years, the Northwest has experienced lower than average water conditions with 2001 considered a severe drought year.

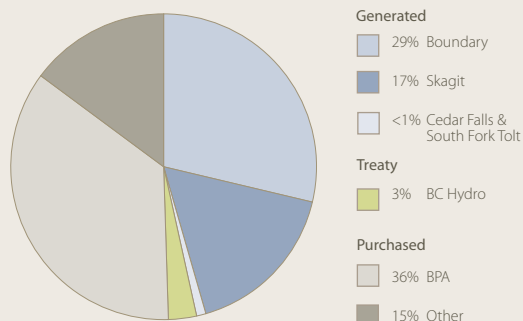
^D Wholesale power purchase costs in the amount of \$300,000,000 incurred in 2001 were deferred to years 2002, 2003 and 2004.

^E "Other" includes self-consumed energy, system losses, seasonal exchange power delivered, and miscellaneous power transactions.

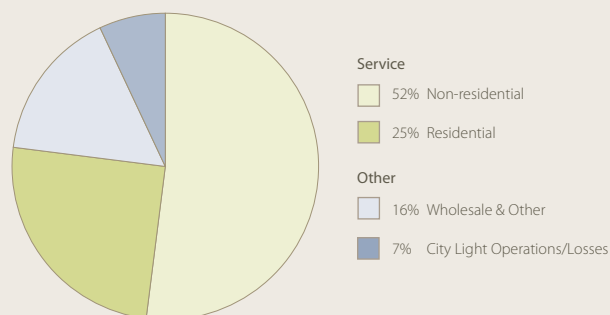
^F If power costs had not been deferred in 2001, the net power cost per MWh delivered would have been \$19.27 in 2004, \$20.51 in 2003, \$21.10 in 2002, and \$69.41 in 2001.

^G Effective in 2003, bookout purchases are excluded from wholesale power purchases and are reported on a net basis in wholesale power sales due to the implementation of EITF-0311. Amounts for years prior to 2002 have not been reclassified.

2005 Sources of Power
(in percent of MWh)



2005 Uses of Power
(in percent of MWh)



CHANGES *in* OWNED GENERATING INSTALLED CAPABILITY *(Unaudited)*

Year	Plant	KW Added	Peaking Capability Total KW
1904-09	Cedar Falls Hydro Units 1, 2, 3 & 4	10,400	10,400
1912	Lake Union Hydro Unit 10	1,500	11,900
1914-21	Lake Union Steam Units 11, 12 & 13	40,000	51,900
1921	Newhalem Hydro Unit 20	2,300	54,200
1921	Cedar Falls Hydro Unit 5	15,000	69,200
1924-29	Gorge Hydro Units 21, 22 & 23	60,000	129,200
1924	Cedar Falls Hydro Unit 6	15,000	144,200
1932	Cedar Falls Hydro Units 1, 2, 3 & 4	(10,400) ^A	133,800
1932	Lake Union Hydro Unit 10	(1,500) ^A	132,300
1936-37	Diablo Hydro Units 31, 32, 35 & 36	132,000	264,300
1951	Georgetown Steam Units 1, 2 & 3	21,000	285,300
1951	Gorge Hydro Unit 24	48,000	333,300
1952-56	Ross Hydro Units 41, 42, 43 & 44	450,000	783,300
1958	Diablo Plant Modernization	27,000	810,300
1961	Gorge Hydro, High Dam	67,000	877,300
1967	Georgetown Plant, performance test gain	2,000	879,300
1967	Boundary Hydro Units 51, 52, 53 & 54	652,000	1,531,300
1972	Centralia Units 1 & 2	102,400	1,633,700
1980	Georgetown Steam Units 1, 2, & 3	(23,000) ^A	1,610,700
1986	Boundary Hydro Units 55 & 56	399,000	2,009,700
1987	Lake Union Steam Units 11, 12 & 13	(40,000) ^A	1,969,700
1989-92	Gorge Units 21, 22, & 23, new runners	4,600	1,974,300
1993	Centralia Transmission Upgrade	5,000	1,979,300
1995	South Fork Tolt	16,800	1,996,100
2000	Centralia Units 1 & 2	(107,400) ^B	1,888,700

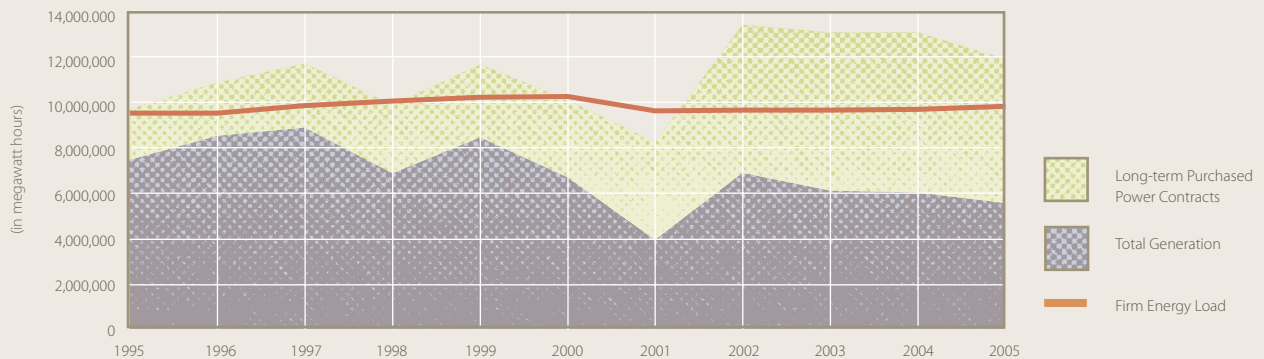
^A Retirement of units (decrease in total capability).
^B The Centralia Steam Plant was sold in May 2000.

SYSTEM REQUIREMENTS *(Unaudited)*

Year	Kilowatts Average Load	Kilowatts Peak Load ^C
1950	154,030	312,000
1955	381,517	733,000
1960	512,787	889,000
1965	635,275	1,138,000
1970	806,813	1,383,000
1975	848,805	1,429,387
1980	963,686	1,771,550
1985	1,025,898	1,806,341
1990	1,088,077	2,059,566
1991	1,065,987	1,815,164
1992	1,048,055	1,743,975
1993	1,082,616	1,875,287
1994	1,074,852	1,819,323
1995	1,072,692	1,748,657
1996	1,110,133	1,950,667
1997	1,111,035	1,816,152
1998	1,120,178	1,928,854
1999	1,142,382	1,729,933
2000	1,142,383	1,769,440
2001	1,082,068	1,661,842
2002	1,087,519	1,689,666
2003	1,087,901	1,645,998
2004	1,088,448	1,798,926
2005	1,107,654	1,714,080

^C One hour peak.

TOTAL GENERATION *and* LONG-TERM PURCHASED POWER CONTRACTS *vs.* FIRM ENERGY LOAD *(Unaudited)*



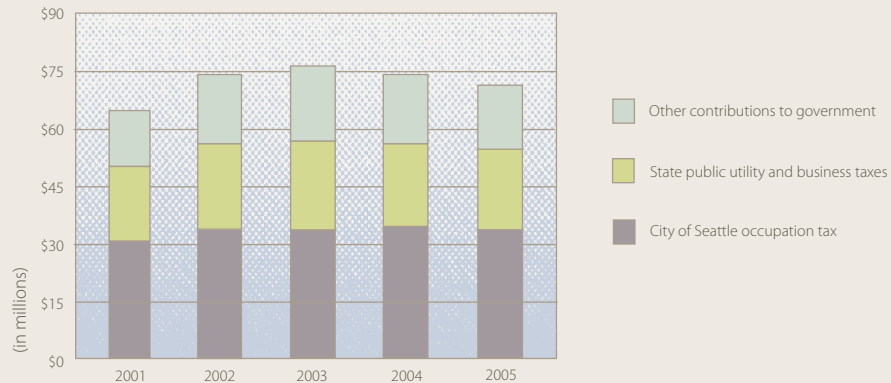
TAXES and CONTRIBUTIONS to the COST of GOVERNMENT *(Unaudited)*

Years ended December 31,	2005	2004	2003	2002	2001
Taxes					
City of Seattle occupation tax	\$ 33,393,646	\$ 34,488,319	\$ 33,607,729	\$ 33,913,510	\$ 30,648,910
State public utility and business taxes	21,457,092	21,614,097	23,079,374	22,035,382	19,555,852
Suburban contract payments and other ^A	3,416,818	3,077,704	2,706,490	2,079,791	295,474
Contract payments for government services	2,357,710	2,264,550	2,212,731	2,145,206	2,065,424
Total taxes as shown in statements of revenues and expenses	60,625,266	61,444,670	61,606,324	60,173,889	52,565,660
Taxes/licenses charged to accounts other than taxes	9,029,735	9,617,766	10,323,591	9,801,000	8,291,537
Other contributions to the cost of government	2,161,182	2,587,783	4,586,025	4,067,380	3,582,034
Total miscellaneous taxes	11,190,917	12,205,549	14,909,616	13,868,380	11,873,571
Total taxes and contributions	\$ 71,816,183	\$ 73,650,219	\$ 76,515,940	\$ 74,042,269	\$ 64,439,231

Note: Electric rates include all taxes and contributions. The State Public Utility Tax rate for retail electric power sales was 3.873%. The City of Seattle Occupation Utility Tax rate was 6% for in-state retail electric power sales and 5% for out-of-state retail electric power sales.

^A 2001 includes a refund of \$1,224,200 previously paid to the Federal Government as arbitrage rebate payments related to the Municipal Light & Power Revenue Bonds, 1986 and 1988.

Taxes and Contributions to the Cost of Government



PUBLIC PURPOSE EXPENDITURES *(Unaudited)*

Years ended December 31,	2005	2004	2003	2002	2001
Conservation ^A					
Non-programmatic conservation expenses ^B	\$ 1,958,230	\$ 1,319,856	\$ 1,299,856	\$ 1,273,584	\$ 1,806,864
Conservation programs ^C					
Non-low income	16,421,573	16,730,921	15,534,990	15,753,516	23,184,059
Low income	1,232,744	1,542,410	1,967,781	2,281,547	1,673,698
External conservation funding					
Bonneville Power Administration					
Non-low income	-	-	-	(17,898)	(14,273)
Low income	-	-	-	-	-
Customer obligation repayments ^D	(38,452)	(61,773)	(88,563)	(96,583)	(226,933)
	19,574,095	19,531,414	18,714,064	19,194,166	26,423,415
Low-Income Energy Assistance ^E	6,511,078	6,618,525	7,138,348	7,325,405	5,891,234
Non-Hydro Renewable Resources ^F	18,104,269	18,521,012	12,111,616	7,475,003	381,279
Net public purpose spending	\$ 44,189,442	\$ 44,670,951	\$ 37,964,028	\$ 33,994,574	\$ 32,695,928
Revenue from electric sales	\$ 562,548,318	\$ 576,692,244	\$ 552,232,914	\$ 562,432,218	\$ 503,437,272
Percent public purpose spending					
Conservation	3.5%	3.4%	3.4%	3.4%	5.2%
Low-Income Assistance & Non-Hydro Renewables	4.4%	4.4%	3.5%	2.6%	1.2%
	7.9%	7.7%	6.9%	6.0%	6.5%
Annual energy savings (megawatt hours) ^G	970,249	932,731	888,718	852,701	789,969

Note: Certain prior year amounts have been revised.

^A Programmatic conservation expenditures are deferred and amortized over a 20-year period in accordance with City Council-passed resolutions.

^B Non-programmatic expenditures are expensed and include support of energy codes and activities that encourage utility customers to adopt new technologies on their own, manufacturers to produce more efficient technologies, program planning, evaluation, data processing, and general administration. These expenses are not associated with measured energy savings.

^C Non-low income programmatic conservation includes expenditures for program measures, customer incentives, field staff salaries, and direct program administration. Low-income programmatic conservation includes these types of expenditures for the Department's HomeWise and Low-Income Multifamily Programs.

^D Customer obligations repaid in each year include payments on outstanding five-year or ten-year loans, plus repayments in the first year after project completion for utility-financed measures.

^E Low-income assistance includes rate discounts and other programs that provide assistance to low income customers.

^F The purchased power contract with King County for West Point cogeneration has expired and has not been renewed. Currently, and going forward, this cogeneration is adjusted on the County retail bill. Therefore there were zero MWh in 2005 from this source. Current non-hydro renewable resources include power generated from the Stateline Wind Project, which is funded from current revenues. The Department purchased 140,850 MWh from the Stateline Wind Project in 2002, 220,317 MWh in 2003, 360,206 MWh in 2004, and 352,069 MWh in 2005. Of these purchases, 106,493 MWh were delivered in 2002, 216,290 MWh in 2003, 348,672 MWh in 2004, and 327,332 MWh in 2005.

^G Energy savings in each year are from cumulative conservation program participants, for completed projects with unexpired measure lifetimes.

Energy Saved Through Conservation

